Supreme Court, U. S.
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IN THE

Supreme Court of the United States

OCTOBER TERM, 1978

No. 78-1790

ROBERT E. DAVIS, *Petitioner,*

v.

GENERAL MOTORS CORPORATION, *Respondent.*

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

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PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

The petitioner Robert E. Davis respectfully prays that a writ of certiorari issue to review the judgment and opinion of the United States Court of Appeals for the Seventh Circuit entered in this proceeding on December 12, 1978.

OPINIONS BELOW

The unreported opinion of the Court of Appeals and the opinion of the District Court reported at 196 USPQ 218 are set forth in the Appendix at pages 1a and 7a respectively.

JURISDICTION

The judgment of the Court of Appeals for the Seventh Circuit was entered on December 12, 1978. A timely petition for rehearing was denied on February 13, 1979 (p. 16a, *infra*). By an order entered May 9, 1979, Mr. Justice Stevens extended the time for filing this Petition to and including May 29, 1979. This Court's jurisdiction is invoked under 28 USC § 1254 (1).

QUESTIONS PRESENTED

1. Whether it is an abuse of discretion to affirm summary judgment on appeal and not remand the action to the district court for further consideration where: (1) the grounds deemed dispositive by the court of appeals were not specifically considered by the district court in its findings of fact and conclusions of law, and (2) where discovery on the grounds deemed dispositive by the court of appeals was continued by the district court pending disposition of the summary judgment motion.

2. Whether it is a violation of the Due Process Clause of the Fifth Amendment to the United States Constitution to affirm summary judgment on appeal where discovery on the grounds deemed dispositive by the court of appeals was continued by the district court pending disposition of the summary judgment motion.

3. Whether it is improper under Rule 56 of the Federal Rules of Civil Procedure to place the burden of showing the existence of a genuine issue of material fact on petitioner in opposing summary judgment rather than requiring respondent to prove the nonexistence of such an issue, and whether the court

of appeals improperly resolved a genuine issue of material fact in concluding that there was no disclosure of petitioner's trade secrets.

CONSTITUTIONAL PROVISIONS AND RULES INVOLVED

United States Constitution, Fifth Amendment:

No person shall . . . be deprived of life, liberty, or property, without due process of law. . .

Federal Rules of Civil Procedure, Rule 56:

SUMMARY JUDGMENT

* * * *

(b) For Defending Party. A party against whom a claim, counterclaim, or cross-claim is asserted or a declaratory judgment is sought may, at any time, move with or without supporting affidavits for a summary judgment in his favor as to all or any part thereof.

(e) Form of Affidavits; Further Testimony; Defense Required. Supporting and opposing affidavits shall be made on personal knowledge, shall set forth such facts as would be admissible in evidence, and shall show affirmatively that the affiant is competent to testify to the matters stated therein. Sworn or certified copies of all papers or parts thereof referred to in an affidavit shall be attached thereto or served therewith. The court may permit affidavits to be supplemented or opposed by depositions, answers to interrogatories, or further affidavits. When a motion for summary judgment is made and supported as provided in this rule, an adverse party may not rest upon the mere allegations or denials of his pleading, but his response, by affidavits or as otherwise provided in this rule,

must set forth specific facts showing that there is a genuine issue for trial. If he does not so respond, summary judgment, if appropriate, shall be entered against him.

* * * *

(f) When Affidavits are Unavailable. Should it appear from the affidavits of a party opposing the motion that he cannot for reasons stated present by affidavit facts essential to justify his opposition, the court may refuse the application for judgment or may order a continuance to permit affidavits to be obtained or depositions to be taken or discovery to be had or may make such other order as is just.

* * * *

STATEMENT OF THE CASE

Petitioner Robert E. Davis (hereinafter "Davis") is a private individual residing in Hinsdale, Illinois. Davis is a chemist and is the president of his own company which is engaged *inter alia* in the development of catalysts for the reduction of automobile exhaust emissions. Respondent General Motors Corporation (hereinafter "GM") is a Delaware corporation with its principal place of business at Detroit, Michigan. The subject matter of this litigation involves Davis' trade secrets relating to catalysts which are used in automobile catalytic converters whose function is to reduce harmful exhaust emissions. In recent years, under federal and certain state statutes and regulations, GM has been required to equip the automobiles it manufactures with such converters.

In 1969 the AC Division of GM began to solicit catalyst samples from various firms for testing and evaluation. Davis began submitting catalysts to AC in

1970 pursuant to an agreement that GM would not analyze the Davis catalysts but would only test the effectiveness of the catalysts in reducing exhaust emissions. The success of the Davis catalysts, which were of a secret composition, led AC to request more samples. By January 1973 AC had selected eight firms from among sixty-five candidates to submit catalyst samples for final evaluation, Davis' company being among them. In June 1973, GM formally selected four manufacturers other than Davis to supply its catalyst requirements.

Davis discovered, however, that GM had wrongfully determined the secret composition of his catalysts, contrary to his written agreement with GM, and that GM had used this information to establish its final catalyst specifications. On May 22, 1973, Davis brought this action in the United States District Court for the Northern District of Illinois, alleging misappropriation of trade secrets and breach of the agreement by GM not to analyze the Davis catalysts. Jurisdiction was based on diversity of citizenship under 28 USC § 1332.

GM originally defended against Davis' claims on four grounds:

(1) that GM's catalyst suppliers independently developed their methods of manufacture;

(2) that GM did not use or divulge any of the Davis trade secrets;

(3) that the catalysts purchased by GM did not embody any Davis trade secret; and

(4) that GM did not discover any of Davis' trade secrets.

GM's main defense was directed to point (3) above and Davis' discovery was focused primarily on this point.

On December 22, 1976, GM filed a motion for summary judgment based on these four points, attaching affidavits from three persons employed by its suppliers in support thereof. While the motion was pending, Davis moved for leave to depose the affiants and to obtain discovery of documents and things relating to this issue (p. 17a, *infra*). The district court did not deny the motion, stating rather in a minute order (p. 19a, *infra*) that the motion:

> "is entered and continued until the Court rules on pending summary judgment motion."

In its reply to the Davis brief in opposition to the summary judgment motion, GM raised the new defense that the Davis trade secrets were not novel, and the district court ultimately based its grant of summary judgment upon this specific issue. The court, in its memorandum setting forth "Findings of Fact" and "Conclusions of Law" (p. 11a, *infra*), treated the remainder of GM's contentions in vague terms:

> "17. Defendant did not discover of plaintiff's alleged trade secrets, did not itself use any of plaintiff's alleged secrets, and did not disclose any of plaintiff's alleged trade secrets to its manufacturers or others.
>
> "18. Defendant's manufacturers independently developed their own processes of catalyst manufacture, and these processes are the only processes employed in manufacturing the automotive catalysts commercially used by defendant."

These findings were reflected in Conclusions of Law 11 and 12 (pp. 14a-15a, *infra*). In this connection, Conclusion of Law 13 is also highly significant (p. 15a, *infra*):

> "It is unnecessary to reach all of the alternative theories relied on by defendant, any one of which, if established, is sufficient to warrant dismissal of the Complaint."

This conclusion may be interpreted as implying that Findings 17 and 18, as well as Conclusions 11 and 12, were gratuitous.

The United States Court of Appeals for the Seventh Circuit affirmed, but not on the ground that the Davis trade secrets lacked novelty. Expressing doubt as to the propriety of summary judgment on the novelty issue, the court nevertheless affirmed because it could find no evidence that GM had disclosed the Davis trade secrets to its suppliers. In so doing the court placed its own interpretation on GM catalyst specifications.

Davis filed a petition for rehearing, bringing to the attention of the court of appeals the denial of discovery in the district court directed to the now crucial "disclosure" issue and to the presence of a genuine issue of material fact with respect to the unique interpretation placed upon GM specification documents by the court. The petition for rehearing was denied February 13, 1979.

REASONS FOR GRANTING THE WRIT

1. The Decision Below Conflicts With Decisions Of Other Circuits Respecting The Standards Of Review Of Summary Judgment And Calls For The Exercise Of This Court's Supervisory Authority.

The manner in which the court of appeals reached its decision in this case conflicts with the procedures applied by other courts of appeals, and it appears as well to be contrary to the spirit, if not the letter, of *Carter* v. *Stanton,* 405 U.S. 669 (1972).

For example, the Fifth Circuit viewpoint is represented by the combination of *Littlejohn* v. *Shell Oil Co.,* 483 F.2d 1140 (5th Cir. 1973), and *Steed* v. *Central of Georgia Rwy. Co.,* 477 F.2d 1303 (5th Cir. 1973). In *Littlejohn* the district court granted summary judgment for defendant without considering plaintiff's request that a decision on summary judgment be continued until discovery could be had on the basis for the motion. The court of appeals held that Rule 56(f), F.R.Civ.P., applied notwithstanding the lack of an affidavit from plaintiff, vacated the judgment and remanded for discovery. The district court in *Steed* had granted summary judgment without explanation of the basis therefor. The court of appeals reversed and remanded, because it could not sustain the grant of summary judgment without an indication of what facts the district court deemed important and what legal rationale it used.

The Second Circuit position is set forth in *Dolgow* v. *Anderson,* 438 F.2d 825 (2d Cir. 1971). The district court had cut off plaintiffs' discovery and granted summary judgment to defendants without written opinion. In reversing the judgment, the court of appeals observed that plaintiffs had been denied discovery of data

upon which to rely in resisting summary judgment and that the court could not conclude at the appellate level that the requested data were not material. The court of appeals also commented upon the lack of findings and conclusions as a factor affecting its decision. See 438 F.2d at 829.

The policy distilled from these opinions is this: two courts of appeals will not enter summary judgment on appeal, or affirm summary judgments by trial courts, where the lower court has not explicated its factual and legal rationale for judgment. Further, the Second Circuit will not presume that a discovery cut off did not prejudice the losing party below.

The decision of the Seventh Circuit in this case does not follow these principles. The court entered judgment against Davis on its own determination that Davis had failed to raise a genuine issue of material fact as to whether GM had disclosed his trade secrets to its suppliers. The court did this notwithstanding its recognition that the district court had given no reasons for finding a lack of factual dispute on the disclosure issue. To support its position the court proceeded to interpret GM's catalyst specifications without comment on the continuance of the Davis motion for discovery directed to this issue, even when Davis specifically brought this point to the court's attention in his petition for rehearing. As a consequence, this decision of the Seventh Circuit directly conflicts with the scope of discretion exercised by and the procedures set forth by the Second and Fifth Circuits to be followed where the findings of the trial court are vague or lacking and where discovery had been cut off on matters which appear to be directly relevant to the ground upon which the court relied.

In *Fountain* v. *Filson,* 336 U.S. 681 (1949), this Court exhibited its preference for procedures which prevent the entry of summary judgment on appeal based on grounds which the opposing party did not have the opportunity to develop before the trial court. The Seventh Circuit in this case failed to follow *Fountain.*

It is submitted that this Court should resolve this conflict among the circuits, which concerns matters commonly recurring in litigation, by holding that the Seventh Circuit abused its discretion. The Seventh Circuit has also failed to follow the admonition of this Court in *Carter* v. *Stanton, supra* at 671, that summary judgment is not proper where the order of the district court "is opaque and unilluminating as to either the relevant facts or the law with respect to the merits of appellants' claim."

2. The Decision Of The Court Of Appeals Contravenes Due Process In That It Was Based On Grounds With Respect To Which Discovery Had Not Been Permitted To Petitioner.

Significantly, the district court did not deny the Davis motion for discovery relating to the disclosure of his trade secrets to the GM suppliers. Rather, the court "continued" this motion pending disposition of the summary judgment motion. It is submitted that this clearly indicates the district court did not believe at that time that the discovery encompassed by the motion would be germane to the expected grounds upon which the summary judgment motion would be decided, and that if summary judgment were not granted or upheld, then the requested discovery would be permitted.

Nevertheless, after finding that the novelty issue on which the district court relied in granting summary

judgment was of dubious merit, the court of appeals shifted its focus to the very disclosure issue on which discovery was continued. Hence, Davis was in effect placed in a "catch 22" situation in that, on one hand, the district court continued discovery relating to the disclosure issue pending disposition of the summary judgment motion and, on the other hand, the court of appeals affirmed the grant of the summary judgment motion on the grounds that Davis had not produced sufficient evidence relating to the disclosure issue. Davis called this fact to the attention of the court of appeals in his petition for rehearing, but the court chose to ignore the fundamental unfairness of its action.

Raley v. *Ohio,* 360 U.S. 423 (1959) and *Cox* v. *Louisiana,* 379 U.S. 559 (1965) are pertinent to the due process issues presented by this petition. In *Raley* the Court held that "due process precluded the conviction of individuals for refusing to answer questions asked by a state investigating commission which itself had erroneously provided assurances, express or implied, that the defendants had a privilege under state law to refuse to answer." *United States* v. *Caceres,* 59 L.Ed.2d 733, 744 n.15 (1979). In *Cox,* the court held that "an individual could not be punished for demonstrating 'near' a courthouse where the highest police officials of the city had advised the demonstrators that they could meet where they did without violating the statutory prescription against demonstrations 'near' the courthouse." *Id.*

In the instant case, Davis had the right to rely on the district court's continuance of discovery relating to the disclosure issue as a representation that he would later have the opportunity to establish this issue

through discovery if it became relevant. The issue clearly did become relevant when the court of appeals rejected the novelty finding of the district court and turned its attention to disclosure. In affirming summary judgment on the basis of this issue, the court of appeals denied Davis his procedural due process rights as surely as the lower courts did in the *Raley* and *Cox* cases discussed above.

3. The Court Of Appeals Failed To Follow Precedents Of This Court In Erroneously Deciding An Issue Of Public Importance Involving Highly Technical Facts.

The subject matter of this litigation is of enormous value: every GM car contains a catalytic converter and each of those converters may contain catalysts which embody the Davis trade secrets. The issues are highly technical, as a review of the court of appeals' opinion shows. This Court has often said that issues of fact should be resolved by summary judgment only where the truth is clear, *Poller* v. *Columbia Broadcasting System, Inc.*, 368 U.S. 464, 473 (1962), and that technical issues are particularly unsuitable for summary judgment. *Kennedy* v. *Silas Mason Co.*, 334 U.S. 249, 256-57 (1948); *United States* v. *Diebold, Inc.*, 369 U.S. 654, 655 (1962).

The court of appeals seized on Davis' allegation that persons skilled in the field of catalysts would have viewed the revision by GM of its catalyst specifications, in which the phrase "at a combined level" was deleted from the description of the metallic composition of the bulk catalyst beads, to be a direction to keep separate the essential catalyst metals. This separation principle is the heart of the Davis trade secrets .While this point does not constitute the entirety of Davis' case by far,

the court of appeals nevertheless simply construed the specifications as follows in support of its ruling against Davis:

> "The deletion of the phrase 'at a combined level' in itself can hardly be characterized as an *explicit* direction to separate the metals, particularly given that the specifications continued to refer to levels of 'bulk catalyst'—a phrase scarcely distinguishable from 'combined level', since the word 'bulk' makes sense only by assuming some joint measurement of the two metals." [Emphasis supplied.] (pp. 5a-6a, *infra*).

Apart from the specifications themselves, the record before the court of appeals also contained the affidavit of Davis, a person of knowledge and experience in this field, who explained in detail the significance of the specifications. The court of appeals ignored this affidavit (Ct. App. Davis Apx. 175), calling it "argument."

The court of appeals has no expertise in catalyst technology, yet it based its decision on its own interpretation of highly technical documents. Its decision has the effect of casting on Davis the burden of proving his case on summary judgment, in contravention of the rule that the movant has the burden of proving the lack of a material fact issue. See, *Sartor* v. *Arkansas Natural Gas Corp.*, 321 U.S. 620, 627 (1944). The specifications are, at this stage, at least unclear; the only affidavit of record on the point goes against GM and the interpretation placed upon the specifications by the court.

This Court treated a situation presenting the same legal issue in *Adickes* v. *S.H. Kress & Co.*, 398 U.S. 144 (1970), wherein summary judgment was reversed

on the grounds that the movant Kress had failed to prove the absence of a genuine issue of material fact in a civil rights action stemming from the arrest of Adickes at a Kress store. In opposing the summary judgment motion, Adickes relied on Kress' failure to refute her affidavit allegation that at the time she was refused service, the policeman who later arrested her was in the store. This Court found that the burden was upon Kress to show that there was no policeman in the store and reversed:

> "Because '[o]n summary judgment the inferences to be drawn from the underlying facts contained in [the moving party's] materials must be viewed in the light most favorable to the party opposing the motion,' United States v. Diebold, Inc., 369 U.S. 654, 655 (1962), we think respondent's failure to show there was no policeman in this store requires reversal." 398 U.S. at 158-59.

Regardless of GM's showings, the fact remains that Davis has submitted an affidavit supporting his position that the catalyst specifications require separation of the metals. If Davis' affidavit was "argument," then so was Adickes' in the *Kress* case. In that case this Court held that Adickes did not have to prove her assertion that a policeman was in the store; it was rather the burden of Kress to show the undisputed absence of a policeman. 398 U.S. at 159. The Court of Appeals was *a fortiori* in error here not following the *Kress* case since Davis *has* presented affidavit evidence which cast doubt on the inferences derived by GM (and the court of appeals) from the catalyst specifications. *See also, TSC Industries, Inc.* v. *Northway, Inc.*, 426 U.S. 438, 450 (1976), and *United States* v. *Diebold, Inc., supra,* which state that the assessment of the

inferences to be drawn from a set of facts and the significance of those inferences are peculiarly within the province of the trier of fact.

CONCLUSION

For these reasons, a writ of certiorari should issue to review the judgment and opinion of the Seventh Circuit.

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APPENDIX

UNITED STATES COURT OF APPEALS
FOR THE SEVENTH CIRCUIT
CHICAGO, ILLINOIS 60604

No. 78-1218

ROBERT E. DAVIS, *Plaintiff-Appellant,*

vs.

GENERAL MOTORS CORPORATION, a Delaware Corporation, *Defendant-Appellee.*

Appeal from the United States District Court for the Northern District of Illinois, Eastern Division

No. 73-C-1302

ALFRED Y. KIRKLAND, *Judge*

ORDER

ARGUED NOVEMBER 3, 1978
DECEMBER 12, 1978

Before HON. THOMAS E. FAIRCHILD, *Chief Judge*
HON. ROBERT A. SPRECHER, *Circuit Judge*
HON. HARLINGTON WOOD, JR., *Circuit Judge*

The issue presented by this appeal is whether the district court's grant of summary judgment for defendant on plaintiff's diversity trade secret appropriation complaint was proper. We find that the plaintiff failed to raise a material issue of fact relating to the alleged disclosure of the purported trade secrets by the defendant, and thus we affirm the district court.

I

In order to meet federal air pollution standards, the defendant General Motors and AC, one of its divisions, created a program to develop commercially practicable

catalysts for use in converters installed in automobile engines in order to convert noxious gases into harmless emissions. The method of development chosen by GM and AC was to solicit catalyst samples from manufacturers and to test them to determine whether they could meet standards determined by the defendant. By September 1973, over 65 firms—including the plaintiff and the four manufacturers from whom GM currently purchases its catalyst—had submitted more than 800 samples for testing.

The accepted technology in the production of automotive emission catalysts involves coating a substrate, typically pellets of aluminum oxide, with a catalytic metal. Initially AC sought submissions of samples using "base metals," such as copper, chromium, cobalt or molybdenum, due to the low cost and wide availability of those substances as opposed to other potential catalytic substances. However, the samples consisting of base metals were unsatisfactory in result, leading to AC's solicitation of samples utilizing a "noble metal" (platinum or palladium) composition. AC suggested that these samples should consist of platinum and palladium in a 5:2 ratio, since that was the ratio in the ore from which GM intended to obtain the metals.

Although the plaintiff had submitted "base" metal catalysts, in December 1972 it submitted its first catalyst using "noble" metals in the suggested 5:2 ratio. The principle underlying the plaintiff's submission was the separation of the platinum and palladium. Accordingly, the plaintiff's sample consisted of platinum and palladium placed on separate substrate pellets submitted to AC in a combination of the required ratio. Further, the composition of these pellets was such that the palladium treated pellets had the palladium concentrated at the surface of the pellets and the platinum treated pellets had the platinum deeply impregnated in the pellet. The plaintiff submitted several samples uilizing this principle of treating separate pellets with platinum and palladium. It is undisputed that none of the plaintiff's samples involved the separation of platinum and palladium themselves in pellets containing a combination of the two substances.

In June 1973, GM selected four manufacturers other than the plaintiff to supply the catalytic substance. Subsequently the plaintiff obtained samples of the catalytic substances used by GM from some of the defendant's dealers. Plaintiff's analysis of these substances revealed that the substrate pellets contained both platinum and palladium and that the two metals were "separated" by concentrating the palladium at the surface of the pellet and impregnating the platinum more deeply within the pellet. Believing these catalysts to embody his supposedly secret "separation" principle, plaintiff filed suit in the district court invoking diversity jurisdiction and alleging that the plaintiff was the owner of certan "trade secrets" relating to a method of preparation of catalysts, that the plaintiff had submitted samples of this catalyst to the defendant under an agreement that the defendant would not analyze them, that the defendant breached this non-analysis agreement, and that the defendant "divulged . . . said information which Defendant unlawfully obtained." The defendant moved for summary judgment, filing extensive and detailed affidavits. The plaintiff likewise filed numerous affidavits. On the basis of this record, the district court granted summary judgment, finding that there was no material dispute as to the following facts: that the plaintiff's "trade secrets" lacked novelty and were easily derivable from information in the public domain, that the defendant had not disclosed any information relating to the alleged trade secrets, and that the technology used in the competitors' catalysts had been independently developed. The plaintiff now appeals from that summary judgment.

II

Were the only dispositive issue in this case the nature, scope and novelty of plaintiff's discovery of the "separation" principle, this court would have difficulty affirming a summary judgment on such complex facts ordinarily re-

quiring specialized expertise. However, another issue—appropriately resolvable by summary judgment—is dispositive of this case. An essential element of a trade secret action is proof by the plaintiff that the defendant in fact used or disclosed the alleged trade secret. *Ferroline Corp. v. General Aniline & Film Corp.*, 207 F.2d 912 (7th Cir. 1953); *Mitchell Novelty Co. v. United Mfg. Co.*, 199 F.2d 462 (7th Cir. 1952); *Crown Industries Inc. v. Kawneer Co.*, 335 F. Supp. 749 (N.D. Ill. 1971) (applying Michigan law). We hold that the district court was correct in finding that there was no material dispute as to the fact that the defendant had made no disclosure of the alleged secrets.

The plaintiff's only support in its counteraffidavits for its position that secrets were disclosed is in the affidavit of the plaintiff, Robert E. Davis. The disclosure theory set out there is as follows. Prior to the submission of the Davis catalyst allegedly embodying the decisive separation principle, GM in November 1972 gave companies desiring to submit catalysts the following specifications for submissions:

> The catalyst shall be of the pelleted oxidation type consisting principally of Gamma Alumina, coated with a 5:2 ratio of platinum:palladium at a combined level of .332 troy ounces per cubic feet.

After the submission of the Davis catalyst, GM released in January 1973 the following specifications:

> The catalytic coating shall consist principally of precious metals comprised of platinum and palladium in a ratio of 5 parts platinum to 2 parts palladium. Other material comprised of non-platinum group metal constituents can be used to stabilize or improve the performance characteristics of the catalyst.
>
> The platinum group metals shall exist in the coating to a level such that the precious metal content is no less than 0.332 troy oz./ft., of bulk catalyst.

Finally the plaintiff cites the material specification list used by GM and AC in December 1973 *after* the catalyst manufacturers had been selected on the basis of the results of the various entries:

> The catalytic coating shall consist principally of precious metals comprised of platinum (MS 590) and palladium (MS 591).
>
> The platinum content as determined by state-of-the-art procedures shall be 0.237 troy ounce/cu. ft. of bulk catalyst + 2% when adjusted for probable error of measurement.
>
> The palladium content as determined by state-of-the-art procedures shall be 0.095 troy ounce/cu. ft. of bulk catalyst + 2% when adjusted for probable error of measurement.

The final specification incorporated references to GM's specifications for pure platinum and palladium, MS 590 and MS 591, which specified respectively that platinum could contaminate palladium no more than 100 parts per million and that palladium could contaminate platinum at no more than 250 parts per million. The plaintiff argues that the deletion of the phrase "at a combined level" from the last two specifications and the specification of pure platinum and palladium in the final specification constituted an "explicit direction" to separate the platinum and the palladium. *See* Affidavit of R. Davis, ¶¶ 28-32, Appellant's Appendix at 173-75. The plaintiff reasserts this theory in its brief to this court and suggests no other factual basis upon which to predicate the required element of disclosure. Brief for Appellant at 32-34.

Although the district court did not explicate its reasons for finding that GM and AC had not disclosed the alleged trade secrets, the deficiencies of the appellant's construction of the catalyst specifications make those reasons clear. The deletion of the phrase "at a combined level" in itself

can hardly be characterized as an explicit direction to separate the metals, particularly given that the specifications continued to refer to levels of "bulk catalyst"—a phrase scarcely distinguishable from "combined level," since the word "bulk" makes sense only by assuming some joint measurement of the two metals. Nor does the later reference to specifications for pure platinum and palladium provide any support for plaintiff's claim of disclosure. First, this specification is dated *after* the catalyst manufacturers had been selected and the relevant technology developed. This hardly supports a claim of disclosure of a trade secret to aid competitors in the development of a catalyst technology. Second, even ignoring this chronological lacuna, the ultimate specification is no more an explicit direction to separate the metals than the second specification. It continues to use "bulk catalyst" in place of "combined level." The only significant change in the specification is the reference to the pure metal specifications. That reference, however, does not support any disclosure of a principle of separation. Since the ratio of the metals was carefully controlled by all three specifications, it is clear that the level of mutual intercontamination must be controlled to keep those ratios within tolerable levels, whether or not the metals are ultimately combined or separated.

Since the plaintiff has been unable to present any facts in his counteraffidavits, or elsewhere, that would prove or support any disclosures,[1] the judgment of the district court is

AFFIRMED.

---

[1] *See Lavine v. Shapiro*, 257 F.2d 14, 20 (7th Cir. 1958); *Dyer v. MacDougall*, 201 F.2d 265, 268 (2d Cir. 1952).

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

No. 73 C 1302

ROBERT E. DAVIS, *Plaintiff*,

vs.

GENERAL MOTORS CORPORATION, *Defendant*.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

(On Defendant's Motion for Summary Judgment)

This Court has considered the pleadings, depositions, answers to interrogatories, and admissions on file, the affidavits submitted by the parties and their contentions, and enters the following findings of fact and conclusions of law.

1. Plaintiff, Robert E. Davis, is a resident of Hinsdale, Illinois and is President of R.E. Davis Chemical Corporation ("Davis Corporation"), an Illinois corporation having its principal place of business in Oak Brook, Illinois. (Davis Aff., ¶ 1).

2. Defendant, General Motors Corporation ("General Motors"), is a Delaware corporation with its principal office and place of business in Detroit, Michigan (Complaint, ¶ 2). General Motors AC Spark Plug Division ("AC") has offices in Flint, Michigan. (Sines Aff., ¶ 3).

3. This action was brought by plaintiff May 22, 1973 alleging that he had discovered certain "trade secrets" in relation to the manufacture of automotive emission suppression catalysts, the active constituents of catalytic converters now employed on most new automobiles to convert exhaust gas hydrocarbons and carbon monoxide to harmless vapors. (Complaint, ¶ 2).

4. The Complaint charged that defendant improperly "obtained information relating to plaintiff's trade secrets" and that "defendant has divulged, or intends to divulge, said information . . . to other manufacturer or manufacturers of such catalysts and that defendant has utilized or intends to utilize, the benefits of plaintiff's research and technology for defendant's own benefit." (Complaint, ¶¶ 8-9). These allegations were denied by defendant in its Answer filed on July 10, 1973.

5. By this motion defendant seeks summary judgment pursuant to Rule 56(b), F.R.Civ.P., on one or more of the following alternative grounds:

a. The automotive catalysts commercially used by defendant are purchased from companies that manufacture them pursuant to manufacturing processes independently developed and owned by such companies.

b. Defendant has neither used any of plaintiff's alleged trade secrets itself nor has it divulged them to others, in particular to the companies from which defendant purchases such catalysts;

c. The catalysts purchased by defendant do not embody or employ any of plaintiff's alleged trade secrets;

d. Defendant did not discover any of plaintiff's alleged trade secrets; and

e. The subject matter plaintiff now claims as a trade secret is generally known and part of the state of the art of catalysts and their manufacture and therefore cannot be protected as a trade secret as a matter of law.

6. Numerous firms from time to time submitted catalyst samples for testing and evaluation by AC. By September, 1973 over 65 different firms had submitted over 800 different catalyst samples for testing and evaluation by AC. Among the participants were plaintiff and the four com-

panies from which defendant currently purchases all of its catalysts. (Komarmy Aff., ¶ 2).

7. Purchase orders AC issued from time to time (e.g. PX-18) placed restrictions on defendant's freedom to perform analyses determinative of the composition of plaintiff's catalysts. However, purchase orders issued by AC to plaintiff after February 1, 1973 contained no such restriction. (DDX 74,77).

8. The parties dispute matters of contract interpretation and application bearing upon the issue of whether or not defendant had the right to analyze catalysts submitted by plaintiff for evaluation after February 1, 1973.

9. Catalysts of the type employed to control automotive exhaust emissions have long been used in petroleum refining. Conventionally, they are manufactured by applying a coating of catalytic material (which may be one or more "base metals," such as copper, chromium, cobalt, molybdenum, or the like, or "noble metals," such as platinum and palladium) to a substrate, typically pellets of aluminum oxide ("alumina"). (Komarmy Aff., ¶ 3).

10. Plaintiff now asserts that in the manufacture of defendant's catalysts "the noble metals were applied to the substrate by first applying a solution containing *one* noble metal, drying, and *then* applying a solution of a second noble metal." (Davis Aff., ¶ 50). Plaintiff claims that the "noble metal profile" resulting from the use of this manufacturing technique was "(1) to maintain a substantial separation of Platinum and Palladium, (2) to deposit Platinum more deeply into the substrate, and (3) to allow the Palladium to concentrate on the surface of the substrate." (Davis Aff., ¶ 14-16) As used hereinafter in these Findings and Conclusions, the terminology "plaintiff's alleged trade secrets" is intended to mean these alleged trade secrets plaintiff now contends are being employed in the manufacture of catalysts for defendant.

11. Plaintiff never submitted to defendant a platinum and palladium catalyst prepared by the two-step technique now claimed as his alleged trade secret. (Pl.Ad. 128, 130, 134, 136, 148, 149; Pl. Ans. 127 (b)(iii) and 128(b)(iii); Davis Tr. 172; Lathrop Tr. 67).

12. Use of a two-step impregnation process of the type claimed by plaintiff is generally known and part of the state of the art of catalysts and their manufacture and was so at the time plaintiff's work with noble metal catalysts commenced. (DDX 58; Davis Tr. 762). Such a two-step, double coating process of manufacturing catalysts from two different catalytic materials is shown in each of U.S. Patents Nos. 3,846,343; 3,819,533; 3,272,700; and 3,304,150, which are owned by defendant's catalyst manufacturers. (DDX 95-98; Davis Tr. 762). These patents were all applied for prior to plaintiff's earliest work with noble metal catalysts. (*Id.*, Davis Aff., ¶ 17).

13. Plaintiff's "noble metal profile" concept is also generally known and part of the state of the art of catalysts and their manufacture and was so at the time plaintiff's work with noble metal catalysts commenced.

14. U.S. Patent No. 3,819,533 filed in May, 1972 by one of defendant's manufacturers disclosed that impregnation of a pellet with palladium resulted in concentration of palladium at the surface of the pellet. (DDX 96).

15. U.S. Patent No. 3,259,589 described the manufacture of a catalyst pellet with platinum impregnated deeply throughout the pellet.

16. Plaintiff's knowledge of noble metal profile characteristics is based on plaintiff's work on defendant's catalyst. (Davis Aff., ¶ 56). There is no contemporaneous evidence that plaintiff himself was aware of this phenomenon at the time he prepared and submitted catalysts to defendant for evaluation.

17. Defendant did not discover any of plaintiff's alleged trade secrets, did not itself use any of plaintiff's alleged trade secrets, and did not disclose any of plaintiff's alleged trade secrets to its manufacturers or others. (Hustead Aff., ¶ 15; Komarmy Aff., ¶ 17; Sines Aff., ¶ 16; Mattarella Aff., ¶ 6; Fredericks Aff., ¶ 4; Wing Aff., ¶ 4; Wang Aff., ¶ 4; Achey Aff., ¶ 4; Pierce Aff., ¶ 4; Backstrom Aff., ¶ 4; Smith Aff., ¶ 4.).

18. Defendant's manufacturers independently developed their own processes of catalyst manufacture, and these processes are the only processes employed in manufacturing the automotive catalysts commercially used by defendant. (Ebel Aff., ¶ 2-4; Briggs Aff., ¶ 4-7; Jagel Aff., ¶ 3-5; Vill Aff., ¶ 3-5; Womeldorph Aff., ¶ 4-7.

19. The alleged trade secrets plaintiff contends are used in manufacturing catalysts for defendant lack novelty.

Conclusions of Law

1. The Court has jurisdiction of the parties and the subject matter of this action under 28 U.S.C. Section 1332(a)(1), and venue is properly laid in this judicial district under 28 U.S.C. Sections 1391(a) and (c).

2. State law applies to a diversity case involving the trade secret claim advanced here. *Bendix Corp.* v. *Balax, Inc.*, 421 F.2d 809, 821 (7th Cir. 1970), *cert. denied*, 339 U.S. 911 (1970); *Ferroline Corp.* v. *General Aniline & Film Corp.*, 207 F.2d 912, 920 (1953); *Wesley-Jessen, Inc.* v. *Reynolds*, 182 U.S.P.Q. 135, 144 (N.D. Ill. 1974). The law of the forum, Illinois, governs the substantive issues raised including the Illinois rules on conflict of laws, *Erie R. Co.* v. *Stentor Electric Mfg. Co.*, 313 U.S. 487 (1941).

3. The applicable Illinois conflicts rule is that, in an action for alleged misappropriation of trade secrets, the law of the place where the alleged wrong was committed or the benefit was obtained by the defendants should govern.

Crown Industries, Inc. v. *Kawneer Co.*, 335 F.Supp. 749, 760, 761 (N.D. Ill. 1971); *Wesley-Jessen, Inc.* v. *Reynolds, supra.*

4. The law of Michigan is applicable in this case because the place of the alleged discovery of trade secrets is AC's facility in Flint, Michigan. Moreover, AC's purchase orders issued to plaintiff all provided that Michigan law applies.

5. The essential elements of a cause of action based upon trade secrets are the existence of the secret, its acquisition in confidence, and the defendant's unauthorized use of the secret, *Kubik, Inc.* v. *Hull*, 56 Mich. App. 335, 224 N.W. 2d 80 (1974); *Crown Industries, Inc.* v. *Kawneer Co.*, 335 F. Supp. 749, 762 (N.D. Ill. 1971) (applying Michigan law); *Dow Chemical Co.* v. *American Bromine Co.*, 210 Mich. 262, 177 N.W. 996, 1007 (1920); *Mitchell Novelty Co.* v. *United Mfg. Co.*, 199 F.2d 462, 465 (7th Cir. 1952).

6. Publication of allegedly secret technical information destroys any cause of action based on use of the information, *Insealator, Inc.* v. *Wallace*, 357 Mich. 233, 98 N.W. 2d 643, 653 (1959); *Crown Industries, Inc.* v. *Kawneer Co.*, 335 F.Supp. 745, 761 (N.D. Ill. 1969) (applying Michigan law); *Manos* v. *Melton*, 358 Mich. 500, 100 N.W. 2d 235 (1960); *Russell* v. *Wall Wire Prod. Co.*, 346 Mich. 581, 78 N.W. 2d 149 (1956); *Dow Chemical Co.* v. *Amer. Bronime Co.*, 210 Mich. 262, 177 N.W. 996 (1920); *Wesley-Jessen, Inc.* v. *Reynolds*, 182 U.S.P.Q. 135, 145 (N.D. Ill. 1974); *Motorola, Inc.* v. *Fairchild Camera & Instruments Corp.*, 336 F.Supp. 1173, 1186 (D. Ariz. 1973). *See* also *Bimba Mfg. Co.* v. *Starz Cylinder Co.*, 164 U.S.P.Q. 304, 308 (Ill. App. 1st Dist., 1969); *Northrup* v. *Reisch*, 200 F.2d 924, 929, (7th Cir. 1953); 4 Restatement of Torts § 757 Comment *b*, at 5-6 (1939).

7. A combination of known elements can be a secret but it must differ materially from the prior art, *Nickelson* v. *General Motors Corp.*, 361 F.2d 196, 199, (7th Cir. 1966). The trade secret must "possess at least that modicum of originality which will separate it from everyday knowledge,"

Cataphote Corp. v. *Hudson*, 444 F.2d 1313, 1315, (5th Cir. 1971). Matters derivable from customary experimentation and testing cannot be appropriated as trade secret information, *Gabriel Co.* v. *Talley Industries*, 137 U.S.P.Q. 630, 633 (D. Ariz. 1963); *Aetna Bldg. Maintenance Co.* v. *West*, 39 Cal. 2d 198, 246 P.2d 11 (1952); *Sarkes Tarzian Inc.* v. *Audio Devices Inc.*, 166 F.Supp. 250, 258, (S.D. Cal. 1958), *aff'd per curiam*, 283 F.2d 695, (9th Cir. 1960). Novelty is likewise prerequisite to a protectible property right in an allegedly misappropriated confidential disclosure, *Stevens* v. *Continental Can Co.*, 309 F.2d 100, 104, (6th Cir. 1962).

8. Novelty is prerequisite to recovery in either tort or contract law for misappropriation of material disclosed in confidence, e.g., *Ed Graham Productions* v. *National Broadcasting Co.*, 180 U.S.P.Q. 93, 94 (N.Y. Sup. Ct. 1973). Existence of the trade secret is also a prerequisite to recovery on a theory of quasi-contract (unjust enrichment) for use of proprietary information, *Van Rensselaer* v. *General Motors Corp.*, 223 F.Supp. 323, 330, (E.D. Mich. 1962), *aff'd per curiam*, 325 F.2d 354, (6th Cir. 1963). Both express and implied obligations to respect confidences are released when the confidentiality of the material ceases, e.g., *Adolph Gottscho, Inc.* v. *Bell-Mark Corp.*, 79 N.J. Super. 156, (1963). Accordingly, the enforcement of an express contract involving products and processes known in the trade would be against public policy, even where plaintiff's product and processes set the defendant up in business, *Reynolds Metals Co.* v. *Skinner*, 166 F.2d 66, 76, (6th Cir. 1948).

9. Plaintiff's alleged trade secrets are generally known and part of the state of the art of catalysts and their manufacture and therefore may not be protected as trade secrets. The plaintiff's alleged trade secrets do not qualify under the applicable criteria in view of the published disclosures and the information in the public domain. Since all essential details of plaintiff's alleged trade secrets have been

disclosed, the information has become a part of the public domain and cannot be claimed by plaintiff as his property. *Ferroline Corp.* v. *General Aniline & Film Corp.*, 207 F.2d 912, 921, (7th Cir. 1953).

10. There are no issues of fact material to the question of whether plaintiff's alleged trade secrets are generally known and part of the state of the art of catalysts and their manufacture. Since the prior publications, plaintiff's statement of his alleged trade secrets, and other relevant matters are all embodied in documents capable of interpretation by the Court upon examination, and all other facts relevant thereto are undisputed, summary judgment on this basis is therefore appropriate. *Grayson* v. *McGowan*, Appeal No. 74-3381 (9th Cir. October 12, 1976). *Faulkner* v. *Baldwin Piano & Organ Co.*, 189 U.S.P.Q. 695, 715 (N.D. Ill. 1976); *See e.g. Van Renssalaer* v. *General Motors Corp.*, 139 U.S.P.Q. 359 (E.D. Mich. 1962) (under Michigan law, an alternative ground for summary judgment was that the secret lacked the required novelty); *Sharmer* v. *Carrollton Mfg. Co.*, 187 U.S.P.Q. 736 (6th Cir. 1974) (summary judgment proper where trade secret publicly disclosed); *Boop* v. *Ford Motor Co.*, 278 F.2d 197 (7th Cir. 1960) (plaintiff's trade secrets found wholly lacking in novelty); *Central Specialties Co.* v. *Schaefer*, 318 F.Supp. 855 (N.D. Ill. 1970) (subject matter in suit not a protectible trade secret); *Perry* v. *Apex Smelting Co.*, 173 U.S.P.Q. (N.D. Ohio 1972) (trade secrets previously disclosed to others without maintaining confidentiality); and *Hisel* v. *Chrysler Corp.*, 94 F.Supp. 996 (W.D. Mo. 1959) (idea not protected because it had been previously published and disclosed).

11. Defendant neither discovered plaintiff's alleged trade secrets, used them itself, nor disclosed them to the manufacturers from whom it purchased catalyst, and there is no genuine issue of material fact to the contrary.

12. No recovery can be granted for misappropriation of proprietary information where, as here, the defendant's

catalyst and the manufacturers' processes were independently developed and no information obtained from plaintiff or his catalysts was used by the manufacturers in producing the catalyst. *Houser* v. *Snap-On Tools Corp.*, 202 F. Supp. 181, 186, (D.Md. 1962); *Bolt Associates, Inc.* v. *Alpine Geophysical Associates*, 365 F.2d 742, 749 (3rd Cir. 1966).

13. It is unnecessary to reach all of the alternative theories relied on by defendant, any one of which, if established, is sufficient to warrant dismissal of the Complaint.

14. Disputed issues of fact and law exist in relation to the contractual terms governing plaintiff's catalyst submissions to defendant subsequent to February 1, 1973. Those issues need not be reached in determining this motion and do not preclude entry of summary judgment because they are not material to any of the alternative grounds advanced by defendant.

15. Under applicable public policy no recovery can be granted to the plaintiff here under the terms of any express contract or purchase order because there is no protectible trade secret.

16. Plaintiff having failed to establish any cause of action against defendant, there being no genuine issue as to any material fact, defendant's Motion for Summary Judgment is granted.

ENTER: /s/ ALFRED Y. KIRKLAND
Alfred Y. Kirkland, *Judge*

DATED: June 27, 1977.

UNITED STATES COURT OF APPEALS
FOR THE SEVENTH CIRCUIT
CHICAGO, ILLINOIS 60604

No. 78-1218

ROBERT E. DAVIS, *Plaintiff-Appellant,*

vs.

GENERAL MOTORS CORPORATION, a Delaware Corporation,
Defendant-Appellee.

Appeal from the United States District Court for the
Northern District of Illinois, Eastern Division.

No. 73-C-1302

ALFRED Y. KIRKLAND, *Judge.*

February 13, 1979

Before HON. THOMAS E. FAIRCHILD, *Chief Judge.*
HON. ROBERT A. SPRECHER, *Circuit Judge.*
HON. HARLINGTON WOOD, JR., *Circuit Judge.*

On consideration of the petition for rehearing filed in the above-entitled cause by plaintiff-appellant, Robert E. Davis, all of the judges on the original panel having voted to deny the same,

IT IS HEREBY ORDERED that the aforesaid petition for rehearing be, and the same is hereby, DENIED.

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

No. 73 C 1302

ROBERT E. DAVIS, *Plaintiff,*

v.

GENERAL MOTORS CORPORATION, *Defendant.*

MOTION FOR LEAVE TO TAKE THE DEPOSITIONS OF MESSRS. JAGEL, VILL AND EBEL AND FOR PRODUCTION OF DOCUMENTS AND THINGS

ROBERT E. DAVIS, by J. ROBERT MEYER of MCBRIDE, BAKER, WIENKE & SCHLOSSER, moves this Court for an order granting plaintiff leave to take discovery by deposition upon oral interrogatories of Messrs. Kenneth I. Jagel, Jr., Carl A. Vill, Jr. and Robert H. Ebel and for production of documents or things. In support of this motion, plaintiff states as follows:

1. This suit arises out of the defendant's breach of a contract with plaintiff and defendant's wrongful taking of one or more of plaintiff's trade secrets and disclosing plaintiff's trade secrets to third parties.

2. Plaintiff's trade secrets regard the catalytic material which he developed to convert automobile emissions into harmless gases and vapors.

3. Defendant maintained in its Memorandum in Support of Summary Judgment that its primary catalytic converter material suppliers, Engelhard Minerals & Chemicals Corporation ("Engelhard") and The Catalyst Company ("TCC"), had independently developed the manufacturing process by which each produced the commercial catalyst.

4. In support of its position, defendant included with its Memorandum in Support of Summary Judgment the affidavits of Kenneth I. Jagel, Jr. of Engelhard, Carl A. Vill, Jr. of TCC and Robert H. Ebel of TCC.

5. Plaintiff's experts have informed him that the affidavit of Mr. Jagel does not, as sworn by Jagel, contain a description of complete manufacturing process by which Engelhard produces commercial catalyst and that the process described in the Vill affidavit would produce a catalyst which had common properties and characteristics with the plaintiff's catalytic submissions to defendant.

6. In addition, the documents produced in this cause have contradicted the sworn statements of Mr. Ebel regarding the developmment of TCC's commercial catalyst through TCC's own proprietary catalyst manufacturing technology.

7. Finally, the affidavit of Mr. Arthur P. Lien reports that Mr. Ebel has represented that TCC leases technology from the Catalyst Section of General Motors.

8. No delay will result in granting leave to discover as requested, as the discovery authorized by this Court's order of January 7, 1977 has barely commenced, with answers to the plaintiff's first set of written interrogatories having been delayed at defendant's request to March 10, 1977. As the Court stated in its Memorandum Opinion:

> "This Court finds that liability and damages issues in this case are not separate and distinct. In order to meet the burden of proof on the liability issue, plaintiff must show both that defendant earned profits and that a portion of those profits are attributable to defendant's use of the trade secret. The same information is also essential to plaintiff's proof on damages."

WHEREFORE, plaintiff moves this Court for an order granting leave to plaintiff to seek depositions upon oral interrogatories of Messrs. Jagel, Vill and Ebel and production of documents and things at a time and place convenient to their counsel and the witnesses.

ROBERT E. DAVIS
By /s/ J. ROBERT MEYER
J. Robert Meyer

UNITED STATES DISTRICT COURT, NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

Name of Presiding Judge, Honorable Alfred Y. Kirkland

Cause No. 73 C 1302 Date: March 9, 1977

Title of Cause: ROBERT E. DAVIS v. GENERAL MOTORS CORPORATION.

Brief Statement of Motion: Leave to take the depositions of Messrs. Jagel, Vill and Ebel and for production of documents and things.

The rules of this court require counsel to furnish the names of all parties entitled to notice of the entry of an order and the names and addresses of their attorneys. Please do this immediately below (separate lists may be appended).

Names and Addresses of moving counsel: J. Robert Meyer, 110 North Wacker Drive, Chicago, Illinois 60606.

Representing: Plaintiff

Names and Addresses of other counsel entitled to notice and names of parties they represent: Daniel W. Vittum, Kirkland & Ellis, 200 E. Randolph, Chicago, Illinois 60606

Defendant.

Reserve space below for notations by minute clerk.

MARCH 10, 1977

Plaintiff's motion to take the depositions of Messrs. Jagel, Vill and Ebel and for production of documents and things is entered and continued until the Court rules on pending summary judgment motion. Further Ordered that status date now set for May 4, 1977 is vacated and cause is given a new status date of May 19, 1977.